

DIALING UP THE INTENSITY OF Missing Participant Searches



by Thomas Hawkins

Understanding how (and when) to increase the intensity of a missing participant search is vital to fulfilling a plan sponsor's fiduciary duty.

When it comes to [locating missing retirement plan participants](#), there's no substitute for an effective electronic, or "e-search." However, retirement plan sponsors will inevitably encounter scenarios where periodic e-searches alone will not suffice. Understanding how (and when) to increase the intensity of a missing participant search is vital to fulfilling a plan sponsor's fiduciary duty to ensure that plan participants receive the retirement benefits that they're owed.

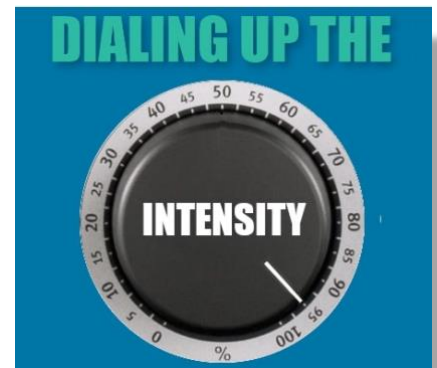


Image courtesy of Retirement Clearinghouse

The "Swiss Army Knife" of Participant Searches

An e-search is the Swiss Army knife of missing participant searches. A quality, commercially provided e-Search accesses multiple information sources, uses proprietary algorithms to construct an optimal result, and handles large search volumes efficiently and at a reasonable cost. Finally—and most importantly—[they can provide reliable results](#).

E-searches are most useful in circumstances where:

- Periodic "scrubbing" of all terminated participant addresses is required
- Terminated participants have positive indications of a stale address (ex.—returned mail)
- An e-search is conducted as a prelude to follow-on, more intensive searches

Dialing Up the Intensity

As useful as they are, occasional e-searches may not be enough when [more diligent participant searches](#) are indicated.

More intensive searches are indicated when:

- Participants are at, or are nearing a distributable event (e.g., attainment of RMD age)
- Participants have uncashed distribution checks
- Participants are of advanced age, or are otherwise believed to be deceased
- A plan is in the process of terminating, and participants are unresponsive
- Very little (or no) participant data is available



Increasing the intensity of participant searches above and beyond a periodic e-search can include:

1. Conducting more frequent searches

Often, simply increasing the frequency of an e-search will yield benefits. That's because Americans will move almost 12 times over the course of a lifetime. In any given year, [almost 1 of every 6 Americans will relocate](#). More frequent e-searches may reveal these relocations before other, more serious indicators arise.

2. Expanding the sources of search data

Using additional data sources over and above those provided via an e-search may be required to determine a current address and/or life status. Typically, these searches are performed manually by a specialist who accesses a variety of search tools and are indicated when benefits are now—or may soon be—at risk of going unpaid.

3. Facilitating participant verification

When it comes to search quality, the “gold standard” is data that's verified directly by the participant or their beneficiary. Searches can only achieve verification by conducting participant outreach, including mail, social media, email and phone. Verification is further augmented by providing participants with access to self-service portals (ex.—web, IVR) to facilitate direct updates. When you “absolutely positively” need to locate missing participants, putting in the extra effort to obtain verification is the way to go.

4. Monitoring life status

According to actuarial tables, [about 16% of plan participants will die between the age of 40 and 65, and one of six participants die prior to normal retirement](#). Mortality levels increase more quickly as terminated participants continue to age. An ongoing death monitoring service can be a highly cost-effective way to keep a watchful eye on participants' life status and is indicated when participants are above a target age threshold and/or there are unconfirmed indicators that they may be deceased.

5. Following regulatory guidance

Following regulatory guidance and best practices will increase confidence that your efforts will pass muster. In specific situations, regulatory authorities have promulgated guidance identifying search protocols plan sponsors should follow, to avoid problems down the road. For example, the DOL's [Field Assistance Bulletin 2014-01](#) provides guidance for locating unresponsive participants in terminating defined contribution plans. In 2021, the DOL also published [best practices for missing participant searches](#), which, among other things, advised plan sponsors to check “related plan and employer records for participant, beneficiary and next of kin/emergency contact information.”

6. Creating a search audit trail

While all participant search activity should be documented, some circumstances require more detailed documentation than others. As search intensity increases, it's a good idea to maintain a detailed audit trail of all searches and attempts to contact participants, including the date, method and outcome. These circumstances can include all intensive searches and is particularly useful for demonstrating due diligence to regulatory authorities.

Minimizing the Cost & Effort

If the efforts described above sound daunting, that's because they are. Locating missing participants requires time and money, but there are some ways to reduce the burden.

- Promote consolidation into and out of your plan. This reduces the problem of “small accounts” which inevitably spawn a higher percentage of missing participants. Look into the use of [auto portability](#) and [facilitated roll-ins](#).
- Avoid the use of [automatic cash-outs](#) for plan balances below \$1,000. This inevitably generates many uncashed checks, which drive more search activity. If you're not already doing so, consider including sub-\$1,000 balances in your plan's automatic rollover program.
- Hire a [professional search service](#). This will reduce your staffing commitment, provide higher-quality results, and produce better documentation of search activities.

Dialing up the intensity, when required, and taking steps to reduce the incidence of missing participants will help you up your game and minimize fiduciary risks.



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